

MEMORANDUM

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Executive Registry

77-3756


THE VICE PRESIDENT

WASHINGTON

INFORMATION

Memo No. 275-77  
March 15, 1977

MEMORANDUM FOR COMMANDER MCMANN

FROM: Denis Clift   
SUBJECT: March 18 Meeting with Senator Inouye and  
SSCI

I have drafted the attached talking points for use by the Vice President during the meeting he and the Director of Central Intelligence will have with Senator Inouye this Friday.

I suggest that we discuss your ACTION PLAN paper and the talking points today, with a view to forwarding recommendations to the VP and DCI for Friday's meeting.

(EX-101) 77-3756 2 382

TALKING POINTS FOR MEETING WITH SENATOR INOUE AND  
MEMBERS OF THE SENATE SELECT COMMITTEE ON INTELLIGENCE

Friday, March 18, 1977  
1:30 p.m.

Introductory Remarks

1. Stan Turner and I are very pleased to have this opportunity for informal consultations on the arrangements the Executive Branch has for reporting on intelligence matters to the Congress.
2. Frederick Baron of the Attorney General's staff and Denis Clift of my staff are with us today.
3. As Director of Central Intelligence, Admiral Turner is giving very careful review to control of intelligence information in the Executive Branch.
4. The President believes as I do that the United States must have a fully effective intelligence program in keeping with our national security interests.
5. At the same time, we want to ensure the correctness and legality of that program, we want to ensure correct dissemination and control of intelligence in the Executive, and we want to ensure appropriate accountability to the Congress.

Existing Situation in the Congress

1. The Congress has constitutional responsibilities to assure that the Intelligence Community is appropriately subject to the Congressional powers of appropriations, legislation, oversight and investigation.
2. There are at present seven committees, four in the Senate and three in the House: Senate Select Committee for Intelligence, Armed Services Committee, Appropriations Committee and Foreign Relations Committee, and, in the House, the Armed Services, Appropriations and International Relations Committees.
3. There are overlapping jurisdictions on such matters as defense intelligence organizations. In the House, under House Rule 11, if one Member has access to information, any other Member has a right to request that information.

Issues Requiring Attention of the Congress

1. The Congress must itself decide how best to organize and what procedures to adopt so as to carry out Legislative Branch responsibilities in the field of intelligence.
2. In these informal consultations today, I want candidly to mention three areas of concern to us as we consider possible improvements in Executive-Legislative procedures:

- Number of Committees: We think seven committees is too many. One Joint Committee or a House Select Committee paralleling the Senate Select Committee would be preferable.
  - Protection of Sources and Methods: This is an extremely sensitive area, and procedures should be improved so that we are not faced, as in the past, with situations where staff speaking for the committee have insisted on information which should be given the most careful handling -- information which only the chairman of the committee should request in writing.
  - Third, Committee Rules on Security will require careful attention if both executive and legislative are to be satisfied that handling and control of intelligence documents is adequate.
3. I think it would be useful if Stan Turner were to comment on these points and any others that might usefully guide us in these consultations.

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## United States Senate

SELECT COMMITTEE ON INTELLIGENCE

(PURSUANT TO S. RES. 400, 84TH CONGRESS)

WASHINGTON, D.C. 20510

Executive Registry

77-758

March 16, 1977

Admiral Stansfield Turner  
Director of Central Intelligence  
Central Intelligence Agency  
Langley, Virginia

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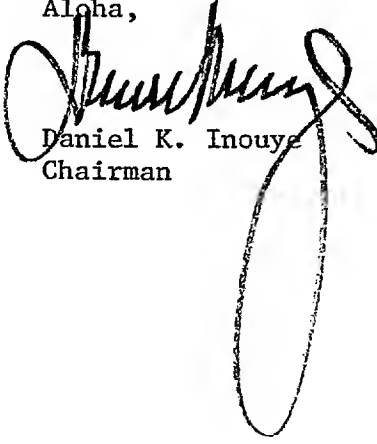
Dear Admiral Turner:

The Washington Post of March 7, 1977, carried an article by Joseph Alsop entitled "A Cautionary Tale." Serious allegations are made concerning the preparation of estimates by the intelligence community.

The Committee on Intelligence would appreciate a detailed critique of the Alsop article and a report on the intelligence value of the information produced by the "emigrant-defector."

With kind regards,

Aloha,

  
Daniel K. Inouye  
Chairman

Enclosure

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## A Cautionary Tale

*The Central Intelligence Agency sharply raised its estimate of what the Soviet Union was spending on defense, a change that can mean, according to one's point of view, either that the Russians have started to expand their forces in a terrifying manner, or that the earlier estimate was too low.*

—The Economist

Nothing in this city has been more amazing than the totally blank response of the American political community to the episode above mentioned. The change of estimate was made long prior to the intervention of the so-called Watch Committee in the estimating process.

Furthermore, the official figure on Soviet defense spending rose from "6 to 8 per cent" of the Soviet Gross National Product to no less than "13 per cent." In other words, America's single most important foreign estimate in the whole book was approximately doubled, apparently overnight. It is therefore high time to tell the cautionary tale of what really happened.

It is time, in the first place, because too many people have too good reasons for fearing that President Carter's nominee for chief disarmament negotiator, Paul C. Warnke, will reinforce a dangerous policy bias in the crucial estimating process. And secondly, it is time because this same bias has already produced results which look unpleasantly like (but do not in fact resemble) the ugliest kind of spy drama.

To make what happened understandable, it is necessary to say something about our little understood American intelligence community. On the estimating side, in brief, there is a sharp division between the military and civilian analysts. The Central Intelligence Agency's analysts belong, broadly speaking, to the American professoriate. Many of them in fact have the ideological slants—often in extreme form—of any characteristically liberal American university professor.

To give one example, there is the honorable but misguided man who rose to the head of the CIA's analytical branch, but ended his career after Dr. James Schlesinger took over the CIA. He was dead wrong about Hungary in 1956. In the Cuban missile crisis in 1962, he was so obstinately wrong that he wished to stop the U-2 overflights, which alone revealed the Soviet missiles in Cuba. And he was

dead wrong about the Soviet invasion of Czechoslovakia in 1968.

There was nothing evil about these errors—although it was perhaps a bit odd that the man who committed them was continuously promoted. The errors simply reflected the view, so common in the American professoriate, that the Soviets at bottom are much nicer and a lot less militaristic than nasty-minded persons too often believe.

Inevitably, this view deeply affected the estimates of Soviet defense outlays. A Byzantine system was evolved by the CIA's civilian analysts—and partly accepted, too, by the Pentagon's Defense Intelligence analysts—which was obviously calculated to produce comfortingly low estimates.

The resulting estimates looked grossly unrealistic to some people, including this reporter, because of the vast quantities of weapons the Soviets were buying. But nothing much was done about the problem until Lieutenant General Daniel Graham was

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*Mr. Alsop spent 40 years as a political reporter.*

---

named Director of Defense Intelligence in 1974, when a serious debate began.

In 1975, the American intelligence "processing centers" in Germany then picked up a Soviet emigrant-defector who must be nameless, since he would otherwise go in peril of his life. It is enough to say that thus he had been able to be defected from an extremely high post in the Soviet central planning apparatus, the GOSPLAN.

This emigrant-defector produced an earthquake-like convulsion among the analysts and estimators of the American intelligence community. Somewhat earlier, he had had an indisputable "need to know," which caused him to be shown the secret, line-by-line Soviet defense budget for 1970. He was heavily guarded when studying the defense budget, and was forbidden to take notes. But by luck, he had a near-photographic memory.

Because of his former key position in the GOSPLAN, the emigrant-defector was brought to this country for "debriefing" by the CIA. He promptly made himself bitterly unwelcome. The published American estimate for Soviet defense spending in the year 1970 had been "6 per cent" of Gross National Product. This was in turn

based on a more detailed calculation by the estimators that the Soviets had spent 25 billion rubles on defense that year.

The emigrant-defector reported, instead, that the actual total for Soviet defense spending in the 1970 budget he had seen was no less than 50 billion rubles! He further backed up this highly unsettling report with a wealth of remembered figures from the various subordinate parts of the secret Soviet budget.

As the debriefing proceeded, the Pentagon was informed under the usual procedures. Dr. James Schlesinger, by then Secretary of Defense, even agreed to defer any revision of the published intelligence estimates until after the U.S. defense budget had passed through Congress that summer—for fear of accusations of propaganda-making for U.S. defense spending. But the Pentagon was only most casually informed about the curious lie-detector test that was abruptly administered to the Soviet emigrant-defector by his CIA debriefers, or perhaps by some of their superior officers.

As director of Defense Intelligence, General Graham only learned that the emigrant-defector had failed a lie-detector test when this invaluable witness was on the very eve of being shipped back to Germany in heavy disgrace as a probable provocateur. General Graham promptly obtained the backing of Secretary of Defense Schlesinger, and then demanded the body, as it were, first from Lieutenant General Vernon A. Walters, and then from the next man in the CIA pecking order, Deputy Director for Intelligence Edward Proctor.

At first, Proctor tried hard to resist turning over the emigrant-defector to General Graham. But there was no remedy under the established procedures, so the emigrant-defector was sent to General Graham's office in the custody of a CIA operative. This latter had been surprisingly instructed not to leave the emigrant-defector alone with General Graham, and he had to be forcibly prevented from entering General Graham's office.

General Graham, who speaks excellent Russian, then discovered that the lie-detector test had been improperly administered—to put it almost too politely. It is not generally known, but polygraph or lie-detector tests can easily be crooked by using long, many-qualified, highly conditional questions that cannot be answered accurately

without careful reflection. The effort to reflect causes the same electric tremor as lying. "Yes-or-no" questions are thus the only ones which give dependable results, at least to the extent that lie-detectors are dependable.

In the sequel, the CIA's Deputy Director for Intelligence was requested to provide his own witness for a new test. In the presence of this CIA witness, the Soviet emigrant-defector went through an unbiased lie-detector test of the classic "yes-or-no" type with flying colors.

Hence the orders to ship the witness to Germany were cancelled. The debriefing continued. The emigrant-defector's testimony was found to stand up under severe cross-checking with other intelligence. In consequence, the rate and magnitude of estimated Soviet defense spending were approximately doubled.

There are several things to be said about this extraordinary but true story. To begin with, the upward revision of the estimate was clearly inadequate. In 1970, the year the emigrant-defector had evidence for, the vast Soviet expenditure on civil defense had not yet even begun, for example. More important, it is utterly wrong to see anything politically sinister in the narrowly frustrated attempt to spirit away the unwelcome testimony of the Soviet emigrant-defector. The argument among the estimators and analysts is essentially an academic debate. In academic debates, as long experience proves, almost anything goes once both sides are deeply committed. For the side that sees its position being shot to hell by new evidence, also sees prestige, careers, position and all else being shot to hell.

Here think of Heinrich Schliemann digging up Mycenae when the whole European academic world was deeply committed to the view that there was no indigenous Greek civilization in the Bronze Age. Mycenae plainly proved the very opposite. Yet the German and English professoriate bullied poor Schliemann so unmercifully that he finally agreed that Mycenae, the true citadel of Agamemnon and his forebears, was nothing but a Phoenician trading post!

Where the professoriate is deeply but wrongly committed, in other words, factual evidence of an inconvenient kind is frequently handled with total ruthlessness. Nowadays this is an important point to remember—and for major reasons of national policy.



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Remarks:

FYI. DDI/OSR has done a critique on the Alsop article.

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77-6792

## United States Senate

SELECT COMMITTEE ON INTELLIGENCE

(PURSUANT TO S. RES. 400, 94TH CONGRESS)

WASHINGTON, D.C. 20510

March 16, 1977

IN REPLY PLEASE  
REFER TO R#7169

Admiral Stansfield Turner  
Director of Central Intelligence  
Central Intelligence Agency  
Washington, D. C. 20505

Dear Admiral Turner:

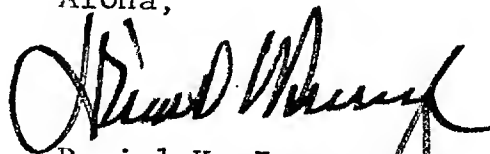
During the course of the budget authorization process the Committee will want to review with you in some detail certain of CIA's sensitive intelligence activities.

We have already informed Mr. Knoche of our plans to review covert action activities. Recent experience, however, indicates that there are other agency activities which are particularly sensitive and could have serious political implications if publicly exposed.

The Committee is of the view that all Agency activities that involve high risk should be closely scrutinized. Therefore, we have tentatively scheduled a separate hearing at 10:00 a.m. on April 7 to review these activities in depth. I hope this date is convenient for you.

The Agency's cooperation in the past in matters such as this has been extremely helpful to the Committee in fulfilling its oversight responsibilities. I know we can count on your continued support.

Aloha,



Daniel K. Inouye  
Chairman

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